

# Corporate social responsibility report

The Company recognizes the importance of complying with good corporate governance in line with the Principles of Good Corporate Governance for Listed Companies of the Stock Exchange of Thailand which involves rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency, and responsibilities of the Board (more detail in “Corporate Governance”) including the awareness on communities, society and environment while conducting its business. The Board of Directors is always well aware that good corporate governance and social responsibility shall sustainably improve its operating results and is the major key to its success. The Board of Directors therefore laid down a written policy on good corporate governance and its Code of Conduct. In designing its core work process, the Company takes into account and pays attention to all stakeholders, communities, society and environment while strictly complying with the laws and regulations related to its business.

## 1. Fair business operations

The Company emphasizes in its business operation by promoting free, honest and fair competition within the framework of law and its code of conduct and business ethic. It avoids any activities which may constitute conflicts of interests, by having all measures to supervise the use of inside information for personal gains or others’ and respects the rights and equality of all groups of stakeholders - from shareholders, customers, employees, business partners, competitors, creditors, as well as communities, society and the environment. Such guidelines which cover all the equal rights and benefits of all stakeholders are stated in the Company’s Code of Conduct and business ethics so that owners, executives and employees can adhere to perform. They are also posted on the Company’s website and central database. More detail can be found in “Roles of Stakeholders” under “Corporate governance”.

## 2. Anti-corruption and bribery

The Company has an anti-corruption policy and prohibits bribery. Under its Code of Conduct, an employee must not solicit any benefits and avoid accepting any valuable asset which may illegitimately persuade him to perform or refrain from performing any duty, or cause the Company to lose its legitimate benefits. All employees must not commit any act which may constitute conflicts of interest against the Company. They must not use the Company’s assets to seek for personal commercial gains for themselves or others, refrain from doing anything illegitimately, or abuse their responsibilities or positions. The Company has circulated its Code of Conduct to all employees so they are well aware of the importance of performing their duties with integrity. It also aims to enhance morality and ethics among its employees by holding meditation training class and sermons.

### Guidelines on managing and evaluating corruption risk

- Preventive measures through the restructuring the organization structure to make it suitably fit for management and control. The structure enhances transparency and efficiencies and is in line with goals, business nature through proper segregation of duties and balance of authorization. Work process and chain of command are clear for each unit. Organizational structure with corporate culture that emphasizes morality with checks and balances mechanism including regularly operation assessment. Adequate and proper communication and training are provided, with communication of guidelines disseminated through various channels such as the Company’s intranet and website.

- Written Code of Conduct for executives and employees is in place. The Company also promotes all actions to comply with it and arrange through communication channels such as the intranet and website including a plan for monitoring and proper compliance assessment with the Code of Conduct.

- A process of the assessment of risks associated with internal corruption and policy compliance assessment through the Committee of Sponsoring Organizations of the Treadway Commission (COSO)’s model at the director level, internal control assessment at the department level, Risk Management Committee mechanisms and also the function of Internal Control Department.

- Supervision is also done at the department level, with the head of each unit supervising his unit by assessing internal control and corruption risk at the unit level. An efficient and effective internal controls was implemented

to close any corruption loophole, to review the adequacy of system and reviewed and upgraded regularly to monitor its department. Also departmental head shall assign his subordinates to do the same practice in order to monitor, examine and follow up any frauds and performance errors.

- The internal control unit shall check the compliance with all regulations , work procedures and code of conduct. It also evaluates corruption risks, early-warning signs, adequacy of the internal control system in preventing, monitoring and detecting corruption risk. It shall report the audit review at least once every quarter.

- Through its mechanism, the Risk Management and Sustainable Development Committee also tests and assesses corruption risk regularly and reports the results to the Board of Directors.

- Channels are provided to report wrongdoing or corruption including any measures to protect and mitigate negative impacts on whistleblowers, complainers or collaborators under the whistleblower policy. Details are under “Measures of reporting wrongdoing and mechanisms to protect informers” in “Corporate Governance”

- In the event that any wrongdoing is found and there are proper information based on complaints, fact-finding and evidence, an ad-hoc committee will be set up to perform the investigation to provide justice for the accused and also protect the whistleblower appropriately.

- Each wrongdoing case will be used as a case study to find guidelines for preventive and investigative measures and to educate unit heads on how to prevent such kind of internal corruption in the organization.

- New employees are informed of the standards on good behaviors and ethics on their first days at work and through employee orientations. In 2017, the Company held an in-house training for executive vice president, operational executives, supportive executives, senior vice presidents and vice presidents on risk assessment tools so that these executives and management can monitor and assess risks more effectively.

### 3. Human rights observation

The Company complies with human rights principles. Its directors, executives and all employees follow these principles strictly and regard them as core values. They take into account equality, freedom, dignity and rights of other people. No discrimination on the basis of race, nationality, language, religion, sex, age, education, and company does not support any activity that violates any universal human rights.

#### Guidelines

- 1) Tighten supervision to ensure that the Company’s business does not involve human rights violations such as child labor or sexual harassment.

- 2) Take care of employees and their well-being by giving them fair compensation, welfare, educational promotion and training continually both short and long term, take good care of health and sanitation, property and work, safe and appropriate working environment. It also include monitoring the cases of unfair practices which occur in the company.

- 3) Respect the privacy and confidentiality of customers, business partners and employees by not transferring or disseminating any information to unrelated parties and divisions. Any disclosures or transfers of confidential information can only be done with consent of their owner only.

- 4) Terms and conditions in employment contracts are appropriate and fair.

- 5) Enabling equal employment opportunities including opportunities for those people with disabilities.

- 6) Treat all employees and stakeholders equally, indiscriminately and respectfully by respect everybody opinions.

- 7) Stipulate in the Code of Conduct of employees that they must behave in a suitable manner for their duties and positions and refrain from not blaming others or the organization without the truth.

#### 4. Fair treatment of labor

The Company recognizes that employees are the most important element of its success, therefore it shall take good care and fairly treat them in various areas such as:

- 1) Respect the rights of employees based on human rights principles. More details are under “Human rights observation”
- 2) Determine compensation to match with their duties, responsibilities and price mechanisms in the labor market by taking into consideration the incentives so that employees are motivated to perform their duties to their full capacity. Performances are evaluated by supervisors and part of the compensation is allocated as their reward based on the Company’s operating results.
- 3) Various forms of welfare are provided. The Company has the policy on safety and sanitation and promote good working environment. More information is provided in “Rights of Stakeholders and Employees” under “Corporate Governance”.
- 4) Promote the development of employees’ potential by organizing training and educating employees at all levels.
- 5) The Company set up a welfare committee to represent employees in discussion with the Company so that the Company knows what the employees really need. It also supervises, suggests and control the employees to access to such welfare.

#### 5. Responsibility to consumers

The Company is determined to improve the quality of its products and services to meet standards including setting up a customer contact center to listen to consumers’ suggestions and opinions. With such knowledge, the Company then uses them to meet their customers satisfaction and strengthen their confidence. The efforts paid off when Land and Houses Plc. won the Trusted Brand award for eight consecutive years (during 2006-2013, the award ended in 2013) based on a consumer survey by Reader’s Digest magazine. The award measures consumers’ satisfaction in both Thailand and Asia in six areas: (1) creditability and trust (2) quality (3) value (4) insights into consumers’ demand (5) creativity (6) social responsibility. Land & Houses is the only property development brand that won the Platinum Award in Property Developer Sector. In addition, in 2012, the Company also received “The Thailand Most Powerful Brand 2012” in real estate product which was awarded in the 75th Anniversary of Faculty of Commerce and Accountancy, Chulalongkorn University. The research, conducted by the Department of Marketing, has surveyed to identify the most powerful brand in ‘Corporate Brand Success Valuation Development “ to develop the tools and rank The Most Powerful Brand of Thailand 2012

The Company delivers the pre-built house before sale including decoration and garden in the complete environment, ready to move in so that the consumers can see the real finished project on the plot of land, to select to their choice without any unexpected risk before buying.

##### The benefits of buying a pre-built home.

- 1) Customers can set fixed schedule for moving in conveniently
- 2) Customers can see the real finished house on the plot comparing to the price.
- 3) Complete green environment, with large common area, and club ready to provide the service.
- 4) Guarantees products and provides after-sale service to facilitate the residents including house-checking during warranty period.

5) Sets up a customer relation system to directly communicate with residents at the Company's website or at the 1198 call center. It accepts complaints about houses and condominiums and provides home tips. The computer system was available for accommodate online booking for repairs and checking services, 24 hours. The residents can also check the status of their request including the information about their house by themselves.

With our determination to serve customers and our diligence to improve products, in 2017, the Company received 2 significant awards as follow :

- AREA Real Estate Project Awards 2017 ( Project : Mantana-Wongwaen Bangbon ) from the Agency for Real Estate Affairs which the main criteria comes from good project, quality, nice environment and worth-buying.
- Best Project Design from International Property Award (The Bangkok Thonglor) which gained 3 awards as AWARD WINNER – Residential High-Rise Architecture Thailand, Best – Residential High Rise Architecture Thailand and NOMINEE / Residential High-Rise Architecture Asia Pacific. As the design of the project makes the building outstanding, unique and modern and also care about the residents. The International Property Awards commenced since 1995, originated in UK and become a world-renowned mark of excellence. The awards are opened annually and are split into regions covering Asia Pacific, Canada, Europe, UK and USA etc.

## 6. Environment conservation

The Company recognizes the importance of impacts on the environment, therefore the Company take into consideration of all the product designs, the use of quality materials and energy-friendly products. This is the concept behind all designs and the choice of quality, energy-efficient and environmentally friendly materials and plotting. The use of technology and system to help the air ventilation and circulation in each house. The use of self-generated electricity from solar cells, a system to control and check construction standards. Gardens are prepared around each house and the appropriate environment is arranged. The Company has developed the new innovation of "AirPlus air ventilation control system for breathable homes" to further improve residents' quality of life and to help reduce the energy usage. The new design by the name "LH SMART: A Concept for Better Life" was also introduced.

The Company conducts environmental impact assessments (EIAs) as required by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment, and complied with the guidelines on mitigating the impacts stipulated in the EIAs. It also takes action and ensures compliance with all related regulations.

The Company also places importance on energy and environment. Conservation. Executive cars are the hybrid type, and electric golf cars used in the projects, are energy-efficient and help reduce air pollution. Energy-efficient light bulbs are also used at its offices.

### Promotion of efficient resource use and environment education for employees

The Company is determined to use resources efficiently by taking into consideration social and environmental impacts. It encourages and educates employees to create a good environment at work by using resources effectively and efficiently and to take into account their responsibility to the environment while performing their duties. The conscience is instilled through the activities and trainings in which they constantly participate, starting from basic, everyday activity such as the reduction of paper use, increase the use of recycled paper, re-use of document files and regular maintenance of equipment, campaigns to conserve water and electricity, etc. In June 2017, the Company started to install the Solar Roof at the office of Serane Lake, Chiangmai which can reduce the use of electricity for the sale-office and office during the day. The result from this project will lead to the consideration of installation the Solar roof in the club building and the single-house project in the future.

Moreover, the Company arranges for both in house and external training to propagate knowledge on environment concentrated on energy conservation such as energy-efficient home designs, energy-saving technology, AirPlus technology and energy conservation including using of clean-energy alternatives to mitigate the impacts on the environment. Activities were also held so staff could take part in environment conservation and Tourism Authority of Thailand was invited to give talks on

“Ecosystem and Nurturing love for Nature.” Details are in “Participation in social and community development”.

### 7. Participation in social and community development

The Company is aware of its responsibilities toward the environment and communities and routinely sponsors and holds projects and activities for communities and society. In 2017, it organized the following activities:

- Society activity “ Donation to Faculty of Medicine, Burapa University”

On November 21, 2017, the Company has donated a fund of 940,000 Baht to Faculty of Medicine, Burapa University for the purchase of Dialysis machine which was part of solving the shortage of medical tools and equipment.

- Community Activity “Reforestation Volunteer Activity for the Community”

On February 9, 2017, Vice President, Service & Customer Relations Department and the staff went to an afforestation at Ban Kao Yai Tiang, Klong Pai, Sikhui District, Nakhon Ratchasima Province. The activity was to encourage the conscious of responsibilities and contribution to community including Natural reserve which is one of the activities that the Company has arranged continuously as part of the social responsibility.

- Scholarships for children and rewards for good workers

Scholarships are given every year to help support education for the children of construction workers in all projects and to reward hard-working workers. In 2017, 253 scholarships were given.

### 8. Innovation and innovative CSR propagation

The Company has developed the new technology to facilitate its customers from first visit the Project Site until the taking care of safeties when moving in. It is the technology for the better living, convenient for customers both clear information and safety for the residents with the technology that increase the effectiveness of the security system in the Project as follow :

#### **Convenience: facilitate all customers who come to visit the Projects of the Company by**

1. Application i-Design : Application which is used in designing the interior design of each room in the house which customers can choose to decorate and create by themselves, to add or choose the type/styles of furnitures, change the color of floor, wall on the Smart Device including the estimated budget. The customers can also experience their decoration design by Virtual Reality which Land & House has developed this application with the students and professors from School of Digital Media, Sripatum University.

2. Smart Catalog : The Company has developed the technology Augmented Reality (AR) together with VIDEO 3 dimensions with sounds which the customers can see the Smart Catalog through Smart Device both on Tablet or Smart Phone. The Smart Catalog will provide the information both the concept, design and special functions of each type of house of the Company’s Project which the customers can bring home to discuss with all their members at home.

#### **Security & Safety: To increase safety for the residents of our projects by**

1. PRO License Plate : The technology used to scan the car license plate of each visitor that pass in and out of the project. The date, time and destination can be checked fast and accurate.

2. Face Detection : The Face detection system used to scan all workers that pass in and out of the project. The system can record the information fast and accurate and can check non-registered people who are not the Company’s registered workers. This system is used to enhance and guarantee the safety within the project.